VZCZCXRO6301 PP RUEHAG RUEHBI RUEHCI RUEHLH RUEHPW RUEHROV DE RUEHAH #0964/01 2071421 ZNY CCCCC ZZH P 251421Z JUL 08 FM AMEMBASSY ASHGABAT TO RUEHC/SECSTATE WASHDC PRIORITY 1236 INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY RUCNCIS/CIS COLLECTIVE PRIORITY RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0407 RUEHAK/AMEMBASSY ANKARA PRIORITY 4079 RUEHBJ/AMEMBASSY BEIJING PRIORITY 1895 RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 0202 RUEHKO/AMEMBASSY TOKYO PRIORITY 1760 RUEHIT/AMCONSUL ISTANBUL PRIORITY 2329 RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY RUEAIIA/CIA WASHDC PRIORITY RHEFDIA/DIA WASHDC PRIORITY RUEKJCS/JOINT STAFF WASHDC PRIORITY RHEHNSC/NSC WASHDC PRIORITY RUEKJCS/SECDEF WASHDC PRIORITY RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

## C O N F I D E N T I A L SECTION 01 OF 03 ASHGABAT 000964

## SIPDIS

STATE FOR SCA/CEN, EUR/CARC, EEB PLEASE PASS TO USTDA DAN STEIN ENERGY FOR EKIMOFF/THOMPSON COMMERCE FOR HUEPER

E.O. 12958: DECL: 07/25/2018 TAGS: <u>PREL</u> <u>PGOV</u> <u>EPET</u> <u>AJ</u> <u>TX</u>

SUBJECT: TURKMENISTAN/AZERBAIJAN: SUMMER OF DISCONTENT

REF: A. ASHGABAT 917

¶B. ASHGABAT 850

¶C. ASHGABAT 817

¶D. IIR 6 941 0063 08

¶E. ASHGABAT 958

¶F. ASHGABAT 884

¶G. IIR 6 940 0006 08

¶H. ASHGABAT 734

¶I. ASHGABAT 677

Classified By: Charge d'Affaires Sylvia Reed Curran for reasons 1.4(B) and (D).

- 11. (C) SUMMARY: While commercial contacts between Turkmenistan and Azerbaijan apparently have continued to expand, the two countries' budding political dialogue by all accounts has taken a nosedive. While not solely responsible for the cooling of efforts to find a political resolution of the border dispute, the April incident between Azeri coast guard gunboats and a Turkmenistan-based oil rig (reftels) has played to all of President Berdimuhamedov's worst insecurities in dealing with his much more sophisticated and experienced neighbor, and it has done so to such a degree that it is threatening to undo much of the progress that the two countries have achieved. In traveling to Baku despite the incident, Berdimuhamedov believes that he has gone farther than the extra mile, and the ball is now in Azerbaijan's court. Post believes he is looking for a sign of respect: an Aliyev visit, an apology. In the meantime, the United States needs to continue to play its constructive role, urging that the two sides directly work together through this issue in order to return to the path of improved political relations. END SUMMARY.
- ¶2. (C) While the Embassy has been receiving indications from Turkmen officials and oil company contacts alike that Turkmenistan and Azerbaijan are continuing to expand commercial-level contacts, all also agree that political contacts between the two countries have taken a dive over the summer. To the extent that political contacts are still

ongoing -- and nobody in Ashgabat is talking about the exact degree to which this is happening -- we have been seeing indications that the quality of the dialogue has dampened substantially. Turkmenistan's oil and gas officials have expressed growing frustration with Azerbaijan in recent meetings with the Embassy (refs a, b), and Turkmenistan's relationship with its western neighbor has rankled President Berdimuhamedov enough that it became the focus of the Charge's farewell call (ref c).

- 13. (C) To a certain degree, bouts of frustration as the two countries try to resolve the outstanding baggage of their years of discord are understandable. Added to this, Turkmenistan's own sense that it is negotiating with a partner with a vastly more sophisticated understanding and experience. Beyond that, there is evidence that there is more at work than just a few misunderstood messages, and time is not going to allow the grudges to subside.
- ¶4. (C) From President Berdimuhamedov's perspective, Turkmenistan's fundamental complaints have been two-fold:
- -- Turkmenistan is not convinced that Azerbaijan is negotiating with a straight deck. Time and again, when U.S. visitors such as Special Envoy for Eurasian Energy C. Boyden Gray, Assistant Secretary for South and Central Asian Affairs Richard Boucher and U.S. Coordinator for Eurasian Energy Affairs Steve Mann have visited Turkmenistan and shared what Azeri leaders are saying about the bilateral dialogue, the response has been "The Azeris didn't say that to us!" Most

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often, these comments come in the context of discussions about how forward-leaning and positive the Azeris say they are being in meetings. Instead, the Embassy has heard from Turkmenistan's officials discussion of lost opportunities where Turkmen proposals were greeted by a lack of enthusiasm or even silence on Azerbaijan's part. The sense that Azerbaijan is saying one thing to Turkmenistan and apparently something very different to the United States is obstructing the building of a relationship of trust which would make it easier for Berdimuhamedov to take some of the most critical steps still ahead.

- -- Turkmenistan feels that up to now it has taken most of the initiative, with Berdimuhamedov making the initial telephone call to President Aliyev and traveling to Baku. From Berdimuhamedov's perspective, the lack of reciprocal treatment from Aliyev, particularly an Aliyev head of state visit to Ashgabat, smacks of a superiority complex that bodes ill for the relationship of equality and mutual respect that Turkmenistan wants with its neighbor and potential business partner-to-be.
- 15. (C) What has turned Berdimuhamedov's irritation over these perceived slights into a full-fledged rage and sense of betrayal was the Azeri gunboat episode in early April. While post recognizes that Azerbaijan's coast guard is asserting that it did not cross over Azerbaijan's claimed border line (ref d), multiple independent sources here are separately offering a very different and believable story (refs e, f and septel). All have concurred that not only did the Azeri gunboats not intercept the rig on the west side of the median line (as the Azeris claim), but that the gunboats actually went several kilometers beyond the boundary of the disputed block III, through which the median line runs, into undisputed Turkmen territory in block I, in clear violation of Turkmenistan's sovereignty.
- 16. (C) Occurring as it did immediately following the visit of Turkmenistan's Minister of Defense to Baku and a week before President Berdimuhamedov's state visit, the episode's timing could hardly have been worse for a country inclined to engage in conspiracy theories. Berdimuhamedov went to Baku anyway, hoping to get an explanation that a simple mistake had been made and an apology. But three months after the

fact, the continued lack of explanation and apology is playing into the hands of those suggesting that there was more to the episode than poor judgment. From Berdimuhamedov's perspective, even if the gunboat episode does not signal a conspiracy, it does demonstrate Azerbaijan's lack of respect for Turkmenistan's sovereignty — and Aliyev's disdain for Berdimuhamedov himself. He is clearly becoming more steamed, rather than cooler, by the delay. Taken together, these problems are threatening to unravel Berdimuhamedov's earlier decision to pursue commercial development of the disputed territory before political resolution is reached.

- 17. (C) We believe that Berdimuhamedov recognizes the limitations that Azerbaijan's upcoming presidential election puts on Aliyev. He is looking, however, for some demonstration of respect: an Aliyev visit to Ashgabat, an indication that the gunboat incident has been investigated and dealt with and a quiet apology. And it is important that the Azeris make the next move.
- 18. (C) In the meantime, the United States needs to continue to play its constructive role, urging that the two sides directly work together through this rough patch in their relationship. Most importantly, given the indications that Berdimuhamedov believes the Azeris may have been less than

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straight with the United States, we should resist any request to play the role of messenger in delivering an apology or explanation. Only dialogue between Azerbaijan and Turkmenistan will restore them to the path of improving political relations.

CURRAN